

REMARKS

Claims 1 and 3, 5-14, 26 and 27 remain in the application. Claims 1, 5, 12, 26 and 27 have been amended in the manner suggested by the examiner at the interview dated July 10, 2007, more clearly defining the invention, affirmatively reciting decryption, determination and communication, in the respective claims. Independent claims 1, 12, 26 and 27 have been amended to explicitly define the payment processor system as being distinct from the security server system, as shown throughout the specification and drawing. No new matter is added. For the reasons set forth below, the amendments are believed to place the application in condition for allowance.

As confirmed at the interview dated July 10, 2007, the USPTO's electronic file for the subject application shows that a Request to Rescind Previous Non-Publication Request was filed April 19, 2001, but the USPTO PALM system does not show that Request.

As discussed at the interview dated July 10, 2007, with respect to Tsiounis et al., Application Number 09/780,031, Pub. No. US2001/0039355 ("Tsiounis"), applicants maintain the assertions of the Preliminary Amendment and Response to Final Rejection dated July 9, 2007.

Further, in applicant's claims 1, 12, 26 and 27, all independent claims now under examination in the application, a security server receives buyer information. The security server encrypts customer payment information and passes the encrypted payment information to the merchant server. The merchant server cannot decrypt the payment information, but rather passes it, still in its encrypted form, to the payment processor system. As defined by all claims, as amended, the payment processor system is completely distinct from the security server system. The security server system may play no direct role in payment processing.

One substantial consequence of the applicants' claimed system and method, where the security server system is distinct from the merchant server system and payment processorsystem is distinct from the security server system, is that the merchant has more flexibility in his business arrangements than in the prior art; with the subject invention, the merchant can select a payment processor, such as a bank which is independent from the security entity. This cannot be

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effected in the prior art, where the security server and payment processor communicate directly without passing through the merchant, leaving the merchant no choice but to work with the payment processor associated with the security entity.

CONCLUSION

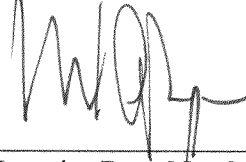
The above amendments are believed to place the application in condition for allowance. For the above reasons, and those set forth in the Preliminary Amendment and Response to Final Rejection dated July 9, 2007, it is submitted that there now is no proper basis for the §112 and §103 rejections. Those rejections should be reconsidered and withdrawn. All claims 1, 3, 5-14, 26 and 27 are believed to be in condition for allowance. Passage to issue is requested.

Please charge any charges or credits to deposit account 19-0741.

If the Examiner believes there are any outstanding issues to be resolved with respect to the above-identified application, the Examiner is invited to telephone the undersigned at their earliest convenience so that such issues may be resolved telephonically.

Respectfully submitted,
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